

MUR # 7057

2016 MAY 10 PM 1:11

OFFICE OF GENERAL
COUNSEL

I write this letter following a review of reports of Congressman Jason Chaffetz, the Chairman of the House Oversight Committee. This review considered public campaign reports, those of his leadership committee (Budgethawks.com) and those of Beehive Victory Fund. I have significant concerns about poor disclosure and the misappropriation of funds as detailed below. I request that your office investigates these matters and comes to a conclusion about the issues I present.

In its FEC report, Budgethawks.com lists a disbursement on October 8, 2015, to Rock Chalk Media, a company owned by Congressman Chaffetz's brother, Alex. The stated purpose of the disbursement was for "campaign production." No reporting of this in-kind contribution is listed on Mr. Chaffetz's campaign report, but even if there was, the contribution is improper under FEC rules related to leadership PACs.

On March 30, 2013, Mr. Chaffetz reported to his campaign account a \$1,331 expenditure for bumper repair in Peoria, AZ (a Phoenix suburb), one week before an official visit to the Arizona border, announced by press release from his Congressional office. Phoenix is a four-hour drive beyond the southern border of Utah's 3rd Congressional District, 560 miles round trip. A round trip from the 3rd District's southern border to the Yuma, AZ and Nogales US/Mexico border location is over 1,200 miles. Was the campaign vehicle used for a government pre-visit trip by the Congressional office? If so, were proper and contemporaneous logs kept to show *de minimis* personal – or other – use?

In a similar instance, on January 5, 2012, Mr. Chaffetz claimed a personal reimbursement from his campaign committee for "fuel for campaign vehicle" at a Shell Oil in Laguna Beach, California. This popular vacation and resort destination is nearly a 12-hour, 800-mile round trip drive from Utah's southwestern border. There does not appear to be any mid-point refueling expenses or other travel, meal and lodging expenses itemized by the campaign near the same time period. For what campaign purpose did the campaign vehicle make such a long trip out of the district? How did the campaign vehicle make such a long trip with no other apparent campaign expenses?

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Additionally, Mr. Chaffetz is known to regularly use the committee-owned campaign vehicles to commute from his home in Alpine, Utah, to his government office in Provo, Utah. This forty-mile roundtrip, made even moderately since the original purchase of the vehicles, could amount to tens of thousands of dollars that should be personally reimbursed by Mr. Chaffetz to the committee. Driving from home to a work office is a personal expense per IRS regulations. No exception is made if the destination is a government office, the driver is a congressman or the vehicle is owned by a campaign committee. When the Salt Lake Tribune asked Mr. Chaffetz about these home-to-office commutes he weakly offered a non-definitive and uncertain denial, saying, "I don't know if I ever just drive to the office and not do something political along the way," Chaffetz said."¹

Using campaign-owned vehicles for personal expenses must be reported, contemporaneously logged and reimbursed per FEC regulations as well. Likewise, per U.S. House ethics rules², using campaign vehicles for government office use requires a similar contemporaneous log and reimbursement from the office to the campaign committee within 30 to 60 days. Has Mr. Chaffetz or his federal office reimbursed his campaign committee for all personal or office use of the committee-owned vehicles?

During the six years Mr. Chaffetz's campaign committee has been a vehicle owner, there does not appear to be a single itemized reimbursement to the committee for either personal or government use of the committee vehicles. This strains credulity. If Mr. Chaffetz has personally used the campaign vehicles at any time during the past six years and not reimbursed the committee, then the cumulative effect of those actions is that the campaign is operating as a tax shelter for expenses that Mr. Chaffetz should be paying out of his pocket with after-tax income.

¹ Salt Lake Tribune, April 14, 2016, <http://www.sltrib.com/news/3779575-155/gop-challenger-hits-jason-chaffetz-on?fullpage=1>

² House Ethics Manual, pages 174 and 175,

https://ethics.house.gov/sites/ethics.house.gov/files/documents/2008_House_Ethics_Manual.pdf

Expenses of a Motor Vehicle That Is Used for Official House Travel. It is permissible for a Member to lease or purchase a motor vehicle with campaign funds and to use that vehicle on an unlimited basis for travel for both campaign and official House purposes. Campaign funds may also be used to pay the expenses incurred in operating the vehicle, such as insurance, maintenance and repair, registration fees, and any property tax.

However, when a vehicle that is paid for with campaign funds is used for personal purposes – i.e., for driving to and from one's official or campaign office – it is necessary to reimburse the Member's campaign committee in an appropriate amount with personal funds. Members should consult with the FEC on how the amount of reimbursement should be determined. FEC regulations provide that reimbursement should be made within 30 days of the personal use, and thus it appears that reimbursement for regular personal use must be made on a monthly basis.

Example 20. A Member wishes to use a vehicle leased by the campaign for regular commuting – i.e., for driving to or from the Member's official or campaign office. Such use would be a permissible use for which reimbursement must be made from the Member's personal funds.

In addition to the above it should be noted that Mr. Chaffetz campaign owns not one but two vehicles costing nearly \$40,000 dollars each and that are parked at his personal residence.

3. Large number of undocumented personal reimbursements.

Since running for Congress in 2007, Mr. Chaffetz or his spouse have reimbursed themselves more than \$470,000 from his campaign account, of which more than \$68,000 was not itemized to disclose the payee. In addition, Mr. Chaffetz took \$43,000 in reimbursements from his leadership PAC, budgethawks.com, and did not itemize \$9,000 of that amount. Through the campaign account and leadership PAC combined, Mr. Chaffetz and his spouse have received over a half-million dollars, and \$77,000 has not been itemized, see Attachment A. These numbers seem irregular and excessive in relation to other members of Congress; for example, former Representative Aaron Schock, who was elected at the same time as Mr. Chaffetz, reimbursed himself less than half the amount Mr. Chaffetz reimbursed himself over the same time period. It raises the question as to whether Mr. Chaffetz views his public accounts as personal slush funds, the source of undocumented short-term loans and/or tax shelters. With multiple accounts in question for unaccounted reimbursements, there is also an environment for double-dipping on reimbursements, or even triple-dipping, if reimbursements through Mr. Chaffetz's federal office account are included.

4. Suspicious campaign account activity

On Thanksgiving Day, 2014, Mr. Chaffetz's campaign account lists more than \$3,200 in expenses at the St. Regis Hotel³ at Deer Valley Resort in Park City, Utah. On the same day, Mr. Chaffetz posted a picture to the social media site *Instagram*⁴ showing him baking a Turkey in a small oven similar to the kind St. Regis offers in the hotel's suites, see picture below. What campaign activity did the Chaffetz campaign undertake on Thanksgiving Day at a five-star resort just one hour from his home?

³ <http://www.stregisdeervalley.com/>

⁴ <https://www.instagram.com/p/v6PZJzR-6Z/>



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56 likes

invaluablehouse Been cooking all night.
Happy Thanksgiving

Log in to like or post

Further to this point, Mr. Chaffetz lists in his FEC reports a number of "travel," "spouse travel" and "lodging" related costs for which he reimbursed himself. These costs occurred primarily at Washington, D.C. hotels, where he was on congressional duties. In a National Journal article on January 23, 2015, Mr. Chaffetz addressed his hotel habit in this way:

Though relatively young, the 47-year-old lawmaker can do only two or three consecutive nights on the cot: 'It's night four that I really start to feel it.' And whenever his wife and kids are in town from Utah, it's 'off to the Marriott.'

It is also noteworthy that the Congressman reimbursed babysitting expenses of more than \$5,450 from 2009 to 2013. Mr. Chaffetz responded to these babysitting and DC hotel claims in the April 14, 2016, edition of the Salt Lake Tribune. In response to the hotel claims, the newspaper reports:

He said the hotel rooms in Washington are used by his campaign staff when they come to D.C. and by his wife. Chaffetz famously sleeps in his House office while in D.C., but his wife, Julie, has refused to share the cot he keeps in the closet.

When she visits, they stay in a hotel. Chaffetz said if the purpose of the visit is personal, he pays out of pocket, but if she comes to D.C. for a campaign event or something political in nature, he bills the campaign. And that's where the child care comes in, too.⁵

Surely if his wife comes for both campaign and personal purposes then there should be some log of the campaign purposes and examples of where the personal trips were paid with the personal credit card and reimbursement was not sought.

⁵ Salt Lake Tribune, April 14, 2016, <http://www.sltrib.com/news/3779575-155/gop-challenger-hits-jason-chaffetz-on?fullpage=1>

INFORMATION

In relation to the babysitting expenses, Mr. Chaffetz admits to charging the campaign for babysitting expenses because he, "wasn't going to leave a 12-year-old overnight by herself." No responsible parent would suggest that Mr. Chaffetz should not get a babysitter for his child; the true issue is why should that babysitter be paid for from campaign funds? I know of no Utahns that are allowed to expense babysitting costs through their employer with exception of Mr. Chaffetz. This questionable charge should not have been borne by Mr. Chaffetz's campaign, but by him personally.

Are these expenses within the prerogative of the campaign? I believe that the FEC should look into these suspicious activities.

5. Delta Sky Miles

In response to many of these allegations, Mr. Chaffetz believes that personally benefitting through the accrual of Delta Sky Miles is an appropriate reason to seek reimbursement for costs rather than having them directly paid by the campaign. In response, I would contend that those Sky Miles he is accruing should not belong to him, but to his campaign. They are the results of deliberately mingling campaign expenditures with personal expenditures on a personal credit card. A review of Mr. Chaffetz's campaign finance reports shows no refund ever going from him to his campaign committee for the reward miles he personally received.

In the aforementioned Salt Lake Tribune article, it is stated that Mr. Chaffetz "[i]s using a Delta American Express card that would accrue frequent flier miles and other benefits, but he said his motivation for using his personal card is for the sake of simplicity." The claim of simplicity does not make sense considering the campaign has used a Wells Fargo credit card and Zions Bank credit card that could be used directly for expenses, but even if it did, the fact still remains that Mr. Chaffetz is personally benefitting through the accrual of frequent flyer miles. Consider that Mr. Chaffetz earns one Sky Mile for every dollar spent and double Sky Miles for Delta purchases. According to Delta's website, each Sky Mile has a purchase price of 3.5 cents plus tax⁸. If one were to assume that the more than \$500,000 in reimbursements were paid for by Mr. Chaffetz by use of his Delta Sky Miles card, then Mr. Chaffetz has benefitted personally through his expense-paying regime to the tune of more than \$17,500.00 in flight miles. That total does not account for double mileage accrued for purchases made with Delta. Simply put, the use of Mr. Chaffetz's personal Sky Miles card is deliberate, self-serving and more complicated rather than simplistic.

Conclusion

It should be incumbent upon the Chairman of the House Oversight Committee to exhibit impeccable judgment in the issuance of his own campaign reports if he is going to

⁸ http://www.delta.com/content/www/en_US/support/faqs/skymiles/buy-miles-faqs.html

question the highest branches of government. Furthermore, Mr. Chaffetz himself, as the sponsor of a bill⁷ to refuse employment to contractors and individuals who are delinquent in paying their taxes, will also recognize the potential seriousness of using - for personal expenses - a campaign committee that is not subject to federal income tax. I hope you consider these concerns and open an investigation into the accounts of Mr. Jason Chaffetz.

Respectfully,

Chia-Chi Teng

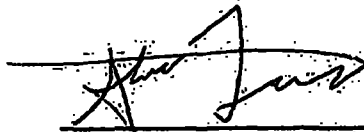
Chia-Chi Teng

Provo, Utah 84604

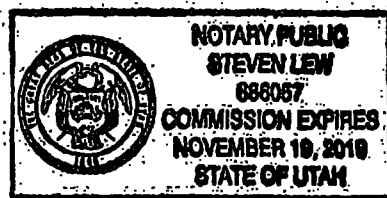
Attachments

⁷ <https://www.gpo.gov/fdsys/pkg/BILLS-114hr1562rh/pdf/BILLS-114hr1562rh.pdf>

Signed and sworn to before me:

A handwritten signature in black ink, appearing to read "Steven Lew", written over a horizontal line.

Steven Lew Notary Public



1-800-444-1000

Combined											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Reimbursed	\$ 1,480	\$ 110,455	\$ 42,986	\$ 60,352	\$ 34,910	\$ 49,174	\$ 40,168	\$ 87,025	\$ 86,800	\$ 284	\$ 513,634
Itemized	\$ 1,469	\$ 101,884	\$ 34,398	\$ 45,729	\$ 31,515	\$ 43,239	\$ 36,807	\$ 64,606	\$ 76,737	-	\$ 436,383
Unaccounted	\$ 11	\$ 8,571	\$ 8,589	\$ 14,623	\$ 3,395	\$ 5,935	\$ 3,361	\$ 22,419	\$ 10,063	\$ 284	\$ 77,251

Attachment B - List of D.C. Hotel Reimbursed Expenses

Mr. Chaffetz has reimbursed himself \$15,583.72 out of his campaign account for Washington, DC hotels.

Hotel	Purpose	Date	Amount
Hyatt Regency Washington	Travel	7/10/08	\$1,081.98
Hyatt Regency Crystal City	Travel	7/30/08	\$656.54
Hilton, Crystal City	Travel	9/22/08	\$1,119.87
Hyatt Regency Washington	Travel	11/15/08	\$595.16
Hyatt Regency Washington	Travel	11/22/08	\$159.16
Renaissance M Street Hotel	Travel	1/6/09	\$358.00
Renaissance M Street Hotel	Travel	1/6/09	\$358.00
Capitol Hill Suites	Travel	1/28/09	\$239.31
Hyatt Regency on Capitol Hill	Travel	2/1/09	\$182.06
Hyatt Regency Washington	Campaign event	12/10/09	\$359.30
Hilton, Crystal City	Travel	1/5/10	\$113.36
Grand Hyatt Washington DC	Travel	1/30/10	\$129.59
Hyatt Hotels Arlington	lodging	12/16/10	\$1,003.89
Hyatt Hotels Arlington	lodging	3/11/11	\$265.55
Renaissance M Street Hotel	Travel	2/16/13	\$209.54
Renaissance M Street Hotel	Travel	9/17/13	\$684.02
Renaissance M Street Hotel	Travel	9/23/13	\$149.75
Renaissance M Street Hotel	Travel	10/7/13	\$745.98
Hyatt Regency On Capitol Hill	Travel	11/15/13	\$421.36
Hyatt Regency On Capitol Hill	Travel	12/6/13	\$632.04
Renaissance M Street Hotel	Travel	12/10/13	\$1,051.72
Hyatt Regency On Capitol Hill	Lodging	11/19/14	\$519.60
Hyatt Regency On Capitol Hill	Lodging	12/5/14	\$847.80
Hyatt Regency On Capitol Hill	Travel	1/13/15	\$205.57
Marriott Marquis Washington DC	Lodging	4/26/15	\$314.50
Hyatt Regency On Capitol Hill	Lodging	6/12/15	\$760.42
Marriott Washington DC	Lodging	9/25/15	\$1,714.08
Hyatt Regency On Capitol Hill	Lodging	12/4/15	\$975.57
Total			\$15,853.72

(Campaign Finance Analysis, Friends of Jason Chaffetz, Data From 2/28/16)

<u>RECIPIENT</u>	<u>PURPOSE</u>	<u>CITY</u>	<u>ST ZIP</u>	<u>DATE</u>	<u>AMOUNT</u>
SCHOCK, AARON JON MR.	TRAVEL REIMBURSEMENT	PEORIA	IL 61603	10/26/2007	\$4,389
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	4/23/2008	\$400
SCHOCK, AARON JON MR.	CREDIT CARD REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	8/5/2008	\$1,893
SCHOCK, AARON JON MR.	MILEAGE	PEORIA	IL 61603	8/7/2008	\$2,700
SCHOCK, AARON JON MR.	CREDIT CARD REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	8/7/2008	\$8,877
SCHOCK, AARON JON MR.	DEBT REPAYMENT	PEORIA	IL 61603	10/13/2008	\$9,731
SCHOCK, AARON JON MR.	MILEAGE	PEORIA	IL 61603	10/21/2008	\$5,578
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	10/21/2008	\$16,381
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	4/1/2009	\$44,245
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	6/4/2009	\$3,151
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	7/2/2009	\$5,045
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	8/6/2009	\$6,258
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	8/25/2009	\$3,109
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	8/31/2009	\$2,962
SCHOCK, AARON JON MR.	SEE MEMO	PEORIA	IL 61603	10/1/2009	\$3,347
SCHOCK, AARON JON MR.	REIMBURSEMENT (SEE MEMO)	PEORIA	IL 61603	10/27/2009	\$4,663
SCHOCK, AARON JON MR.	SEE MEMO	PEORIA	IL 61603	12/3/2009	\$2,535
SCHOCK, AARON JON MR.	SEE MEMO	PEORIA	IL 61615	1/20/2010	\$2,551
SCHOCK, AARON JON MR.	SEE MEMO	PEORIA	IL 61615	3/2/2010	\$10,810
SCHOCK, AARON JON MR.	SEE MEMO	PEORIA	IL 61615	4/20/2010	\$2,229
SCHOCK, AARON JON MR.	TRAVEL (MEALS, FUEL, LODGING)	PEORIA	IL 61615	6/1/2010	\$4,760
SCHOCK, AARON JON MR.	MILEAGE	PEORIA	IL 61615	12/13/2010	\$8,841
SCHOCK, AARON JON MR.	SEE MEMO ENTRY	PEORIA	IL 61612	5/22/2012	\$843
SCHOCK, CASSANDRA MRS.	EVENT CATERING	CHILLICOTH	IL 61523	12/26/2013	\$3,150
SCHOCK, AARON JON MR.	MILEAGE REIMBURSEMENT	PEORIA	IL 61615	8/14/2014	\$9,433
SCHOCK, AARON JON MR.	SEE MEMO ENTRY	PEORIA	IL 61615	11/20/2014	\$3,742
TOTAL REIMBURSEMENTS TO MR & MRS SCHOCK					\$171,623

Attachment D

Mr. Chaffetz's Two-Week Road Trip to Mexico Border

Location and activities of Mr. Chaffetz as reported on various news and government websites during a two-week road trip to the U.S. Mexico border on an official congressional visit. There is reasonable suspicion that the trip was made in a campaign vehicle owned by Friends of Jason Chaffetz due to a "vehicle repair" expense mid-trip. What campaign purpose did Mr. Chaffetz have to take a campaign vehicle to Phoenix and the Mexico border?

Tue., Mar. 26, 2013

"Rep. Jason Chaffetz takes a personal day for his birthday."

<http://archive.sltrib.com/article.php?id=26063139&itype=storyID>

Wed., Mar. 27, 2013

"Rep. Jason Chaffetz sits down for an interview with Heart of Utah, tours the Moab tailings site, meets with Grand County commissioners, has a recreation business round table discussion and holds a town hall meeting in Moab."

<http://archive.sltrib.com/article.php?id=26077734&itype=storyID>

Thu., Mar. 28, 2013

"Rep. Chaffetz meets with Emery County commissioners and hits Republican conventions in Emery and Carbon counties."

<http://archive.sltrib.com/article.php?id=26093581&itype=storyID>

Fri., Mar. 29, 2013

"Rep. Chaffetz hits a Jeep rally in Moab and meets with the President of the Navajo Nation in Window Rock, Ariz."

<http://archive.sltrib.com/article.php?id=26107729&itype=storyID>

Sat., Mar. 30, 2013

Friends of Jason Chaffetz committee disburses \$1,331.05 to Quality Bumper of Peoria in Peoria, AZ for "vehicle repair" <http://docquery.fec.gov/cgi-bin/fecimg/?14940001336>

Sat., Mar. 30 – Tue., Apr. 2, 2013

No location data available for four days.

Thu., Apr. 3, 2013

"Rep. Chaffetz tours the U.S.-Mexico border with border patrol agents in Nogales, Ariz."

<http://archive.sltrib.com/article.php?id=26162029&itype=storyID>

"Congressman and Counsel right at Mexican Border in Yuma, AZ"

<http://www.nbpc2554.org/congressmen-visit-yuma-area-of-operations/>

Fri., Apr. 4, 2013

"Rep. Chaffetz ends his tour of the U.S.-Mexico border with border patrol agents in Nogales, Ariz." <http://archive.sltrib.com/article.php?id=26178365&itype=storyID>

Sat., Apr. 5, 2013

"Rep. Chaffetz attends the Grand County Republican Convention."
<http://archive.sltrib.com/article.php?id=26193566&itype=storyID>

Sun., Apr. 6 & Mon., Apr. 7, 2013

No location record.

Tue., Apr. 8, 2013

"Rep. Chaffetz has a radio interview for KSL, speaks at the Hinkley Institute of Politics and presents Youth Community Citizenship Awards in Provo."
<http://archive.sltrib.com/article.php?id=26225549&itype=storyID>

1-074410M-1000

Map of Roundtrip, Two-Week Road Trip from Alpine, Utah to Mexico Border

